

City Of Mt. Vernon
P.O. BOX 1465
RICHMOND STREET
MT. VERNON, KENTUCKY 40456
Phone: (606) 256-3438

Beth O'Donnell
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40601

June 28, 2004

Case 2004-00286

RECEIVED
JUN 30 2004
PUBLIC SERVICE
COMMISSION

FAXED COPY
RECEIVED
JUNE 28, 2004

Dear. Ms. O'Donnell

The City of Mt. Vernon has contracts with the Eastern Rockcastle County Water Association and the Western Rockcastle County Water Association to provide wholesale water service.

The terms of the contracts allow for a rate adjustment as long as the city notifies the associations at least 30 days in advance of adopting the new rate. The City gave notice to the water associations on April 28, 2004 that the water rate was being increased to \$2.05 per thousand gallons of water purchased. Both water associations have agreed in writing to the rate increase. Unfortunately, it has come to our attention that we failed to submit the proper forms to the Public Service Commission requesting its approval of the rate adjustment. The necessity of a municipal utility to file rate adjustments with the Public Service Commission was a requirement that the City was not familiar which led to the City's oversight.

However, due to the City's need to pass along the increased costs of producing water to its wholesale customers, and due to the City having received approval of the water contracts from the PSC, and due to the City following the terms of those contracts by providing the wholesale customers more than the 30-

day notice required for a rate adjustment, and due to the water associations willingness to accept the new rate, the City respectfully requests that the rate adjustment be allowed to go into effect on June 28, 2004. Barring such approval, the City, in accordance with KRS 278.180 (1) respectfully requests the rates be allowed to become effective in 20-days.

Respectfully,

A handwritten signature in cursive script that reads "Clarice R. Kirby". The signature is written in black ink and is positioned above a horizontal line. The line extends from the start of the signature to the end of the word "Kirby".

Mayor, Clarice R. Kirby

COPY



WESTERN ROCKCASTLE WATER ASSOCIATION

P.O. BOX 627

435 HWY 150

MT. VERNON , KY 40456

Telephone:(606) 256-8283

Fax: (606) 256-8535

"Hard of Hearing, Speech Impaired, or Deaf Users, call the Kentucky Relay Service at (800) 648-6056.
Give the Communications Assistant our phone number to contact us."

June 1, 2004

Honorable Clarice R. Kirby
P.O. Box 1465
Mount Vernon, Kentucky 40456

RE: Increased Water Rate Proposal

Dear Mayor Kirby:

Per your request for a decision on the proposed rate of \$2.05 per 1000 gallons of water in your letter dated April 28, 2004, the Western Rockcastle Water Association agrees to an interim rate of \$2.05 per 1000 gallons.

Per correspondence dated October 14, 2003, we propose that a true cost of service study be completed to determine the appropriate wholesale rate. We will be agreeable in sharing in the cost of the study provided we have input in determining the party who should prepare the study.

Sincerely,

A handwritten signature in cursive script that reads "Charles D. Burton".

Charles D. Burton, President

E
R
W
A

Eastern Rockcastle Water Association
P.O. Box 540
Mt. Vernon, KY. 40456
(606) 256-5480 Tel. (606) 256-1748 Fax

May 13, 2004

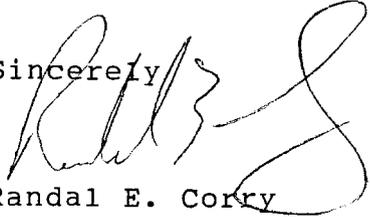
To The City Of Mt. Vernon

Dear Mayor,

On March 12, 2004, The Board Of Directors of Eastern Rockcastle
Water Association voted to accept the \$2.05 Per Thousand Gallons
of water Rate Increase .

We appreciate all your help and water supply .

Sincerely



Randal E. Corry
General Manager
E.R.W.A.

REC/jc

ORDINANCE

2004 - 2

An Ordinance of the City of Mt. Vernon Accepting and Approving the Water Rates, Authorizing submission to the Public Service Commission, and Authorizing the Mayor to Sign all Related Documents

WHEREAS, the City of Mt. Vernon has determined it necessary to raise water rates to provide monies to operate, maintain, acquire and construct the City's water utility and

WHEREAS, the wholesale water customers have agreed to a rate to be set; and

WHEREAS, the rate must be approved by the Public Service Commission; and

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Mont Vernon as follows:

Section 1. That the City of Mt. Vernon does hereby revise water rate of \$2.05 per 1000 gallons of water metered between the City and the Wholesale Water Districts and Cities (Western Rockcastle, Eastern Rockcastle and Brodhead).

Section 2. That the City of Mt. Vernon directs the necessary information to be submitted to the Public Service Commission for approval of the new water rate as set out in the agreements.

Section 3. The Mayor is hereby authorized, directed and empowered by the City of Mt. Vernon to execute the amended agreements and application for a rate adjustment to the Public Service Commission, and to complete the necessary documents on behalf of the City of Mt. Vernon.

Section 4. This agreement shall take effect immediately upon passage.

ADOPTED First Reading April 5th, 2004
Second Reading June 7th, 2004
Date Published June 10th, 2004

City of Mount Vernon

Clarice R. Kirby
Clarice R. Kirby, Mayor

ATTESTED:

Jeanette Robinson
Jeanette Robinson, City Clerk

FOR Mt. Vernon, Kentucky
Name of Municipality

P.S.C. KY. NO. _____

_____ SHEET NO. _____

City of Mt. Vernon
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

MONTHLY WHOLESALE WATER RATE:

Eastern and Western Rockcastle County Water Associations

All usage

2.05 Per 1,000 Gallons

Per City ORDINANCE #2004-2

DATE OF ISSUE June 28, 2004
Month / Date / Year

DATE EFFECTIVE July 18, 2004
Month / Date / Year

ISSUED BY Clarice R. Kirby
(Signature of Officer)

TITLE Mayor

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ N/A _____ DATED _____ N/A _____